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Manchuria Tests Strength of Sino-Soviet Accord

The Chinese have no equivalent for the word Manchuria. They refer to the area as the Northeastern Provinces. The term Manchuria, then, is of Western coinage and designates the vortex where imperial rivalries for influence in China have converged. These rivalries—imposed on the uneven resistance of the Chinese—have stemmed from the transcontinental expansion of Russia and the successive transmarine thrusts of Britain, Japan and the United States.

The Sino-Soviet alliance and defense pact signed in Moscow on February 14 marks the latest phase in this historic process. Whether Manchuria continues as a focal point of Far Eastern rivalry will depend not only on the terms of the published accords but also on accompanying secret agreements, if any, and on the way in which they are implemented. Ultimately the international significance of Manchuria will be determined by the extent to which the Russians succeed in bringing all China under their control.

Russia's Long-Term Expansion

The latest Sino-Soviet treaty is not without historical precedent. When the Russians in 1858 and 1860 annexed the area north of the Amur river and east of the Ussuri—an area which Moscow had recognized as Chinese in 1689 by the Treaty of Nerchinsk—the Chinese Emperor smilingly announced that out of pity for his northern neighbor, who needed land for a growing population, he had magnanimously given them some territory around the Amur.

About thirty years later Russia took the

lead in forcing Japan to abandon concessions in Manchuria obtained by defeating China in a war. Li Hung-chang, the famous viceroy, was invited to Moscow where he negotiated an alliance for mutual assistance in case of another Japanese attack, and incidentally obtained the right to build a railway across northern Manchuria. By 1898 the Tsarist government had begun to implement its scheme for a vast sphere of influence in north China by obtaining a thirty-year lease on the Liaotung Peninsula and extending the railway south to Port Arthur.

International opposition, however, spearheaded by the Open Door policy of the United States and climaxed by defeat in the Russo-Japanese war in 1905, forced a retreat from Manchuria which was not completed until the sale of the Chinese Eastern Railway was consummated in 1935.

With the defeat of Japan in World War II, however, Russian power flowed back into Manchuria. At Yalta the United States and Britain agreed that the Soviet Union should recover the rights held by Russia before 1904—the “internationalization” of Dairen, a lease of Port Arthur for use as a naval base, joint operation with China of the Chinese Eastern and South Manchurian railroads—but full Chinese sovereignty in Manchuria was to be safeguarded. The Sino-Soviet treaty embodying these terms with some extensions was signed in Moscow on V-J Day, August 14, 1945. Meanwhile Russian troops had occupied Manchuria, and when they withdrew, Chinese Communists controlled most of the Northeast.

The new Russian treaty with the Chi-

nese Communist regime invalidates the 1945 agreement and provides for the transfer to China of the Chinese Changchun Railway (the two former systems combined) and the withdrawal of Soviet troops from Port Arthur, both to take place immediately after the conclusion of the Japanese peace treaty but not later than 1952. Final disposition of Dairen is to be negotiated after the Japanese treaty, but Chinese administration is recognized in the interim. Another agreement provides for a Soviet loan to China of \$300 million to be paid in five annual installments and to be utilized for industrial and power development.

Secret Provisions

Press reports of secret codicils to this pact imply that the Chinese were forced to make major concessions. Thus C. L. Sulzberger reported in *The New York Times* from Paris on February 15 that the Chinese had reluctantly agreed to send a large force of Chinese laborers to Siberia, of which some 300,000 were already en route. However, he also stated that as a result of Chinese obstinacy, the Russians had probably backed down on earlier demands, such as an alleged request for control of seven Yellow Sea ports, although the possibility of a secret protocol for Soviet supervision of them in the event of war was hinted at. The Kuomintang representative in the UN, Dr. T. F. Tsiang, the same day charged that the Russians would take over the exploitation of Manchuria's resources and that they would seek to subject 154 enterprises, 80 per cent of its heavy industry, to joint operation.

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The State Department in a press release on January 25 claimed that the Soviet Union had extended its power in Manchuria far beyond the provisions of the 1945 treaty, obtaining strong influence in the local army and secret police, as well as special navigation, fishing, aviation, power, mining and manufacturing rights. Moreover, under the terms of a trade agreement with the local authorities concluded in July 1949, about 60 per cent of Manchurian farm produce was to be sent to the Soviet Union, presumably in exchange for the return of industrial equipment taken from Manchuria as "war booty" by the Russians after V-J Day. The American Reparations Commission in 1946 estimated that direct damage in Manchuria amounted to \$858 million, while total damage, deterioration and replacement cost was more than \$2 billion. Moscow, however, has only admitted taking \$97 million worth of equipment. The State Department release also stated that

separate currency, economic controls and railway administrations had been set up for Manchuria and that an autonomous, Soviet-oriented Mongol regime had been established in northwestern Manchuria.

Whether the alienation of Manchuria from China will continue or not can only be a matter for speculation at the present time. The vast industrial development which the Russians are reported pushing in the cold Amur Valley and trans-Baikal region certainly requires extensive imports of food supplies and labor. The great Manchurian plain is one of the world's rich food-surplus areas. But China proper is desperately in need of that food, especially now when famine in North China is being reported by the Communist news agency. Floods and drought last summer coupled with the civil war have cut crop production as much as 40 per cent in many areas with the result that 16 million Chinese are now feeling the food shortage and 2.8 million face starvation, according to a Shanghai

dispatch on February 7.

Moreover, the removal of industrial equipment from Manchuria must have been a bitter pill for patriotic Chinese to swallow. American observers also point out that the Soviet loan will be only a small percentage of what American grants have been and far from the \$2.8 billion which Sulzberger reported as having been the original Chinese request.

Whatever the differences of interest between Moscow and Peiping regarding Manchuria may be, however, it appears unlikely that they will lead to open "Titoism" in the near future. So long as the United States continues to recognize the Kuomintang regime on Formosa—a regime which is using American supplied material to blockade and bomb Chinese ports—Chinese Communist leaders will continue to use the propaganda line that China has more to fear from America than from Russia.

FRED W. RIGGS

Forty Parties Bid for Power in Greek Poll on March 5

The second post-war election in Greece, scheduled for March 5, comes at a time when Greek politics are even more confused than usual. In the election the voters will choose a new Chamber of Deputies; and from the Chamber a new cabinet will be selected to govern the country.

To date more than forty political "parties" have registered for the election; but in spite of or perhaps because of the number of parties, the issues at stake are by no means clear. Indeed, a contest for personal power between rival leaders is what distinguishes most of the so-called parties one from the other.

Multiplicity of Parties

The Communist party and groups sympathizing with the Communists (the EAM coalition) have been outlawed. None the less, the voters will have a wide political spectrum to choose from. At one extreme are a small socialist group and the "Left Liberals"; at the other is a Party of National Rebirth led by ministers of the pre-war Metaxas dictatorship which is dedicated to authoritarian principles. Except in the cities, however, it is most unlikely that any socialist or even liberal campaigning will be permitted by local authorities who generally regard such opinions as equivalent to communism.

In the 1946 election the Populists won an absolute majority in the Chamber of

Deputies and elected Constantine Tsaldaris as their leader. But since then Tsaldaris has not distinguished himself personally and has made many enemies within his own party. One of them, Petros Mavromihalis, has repudiated Tsaldaris' leadership and is running as an Independent Populist. Another dissident group, the New Party, composed chiefly of younger men, is led by Spyros Markezinis and may win support at Populist expense. With a dozen more rightist groups in the race, Tsaldaris and his party may be reduced to an indecisive level of strength in the Chamber.

The "center" of Greek politics is equally disorganized. Panagiotis Kanellopoulos, War Minister in the recent government, has made an effort to claim the support of the army and especially of the Commander in Chief, Field Marshal Papagos; but it is by no means certain that the leaders of the army have accepted the alliance.

The bewildering fragmentation of Greek political parties is largely a result of the electoral system. Candidates will be chosen not by simple plurality within each electoral district (as in the United States) but through a complicated "proportional" system designed to give representation in the Chamber to both minority and majority groups. Consequently even very small political factions can reasonably hope to place one or two deputies in the Chamber. Under such a system, only an un-

usually magnetic leader can create a majority party and keep his lieutenants loyal. No such leader exists in Greece today; hence the fragmentation of political parties.

A Disorganized Society

The confused party situation must be set against the background of a seriously disorganized society. Civil war has raged spasmodically in Greece since 1943; and although large-scale fighting ceased in October 1949, there is widespread fear that it may be resumed in the future. The guerrilla force which retreated into Albania and Bulgaria in the fall may, if higher Communist authority so decides, return at any moment; and within Greece itself a few small Communist-inspired bands are still in operation.

The civil war has left many traces which will exert a profound influence on the election. Martial law remains in effect over a wide area, although its abolition has been promised by the "caretaker" government formed by John Theotokis on January 6, which is in charge of the election. The removal of martial law will not by itself restore normal civil administration, nor will the voters easily forget the possibility of its restoration.

During the war large numbers of civilians were armed and formed into local self-defense groups. Their disarmament and disbandment have been demanded by

some political groups, but the Commander in Chief, Field Marshal Papagos, has declared that they are still necessary to the security of the country. Members of these groups were of course chosen for their loyalty to the former government, and it is probable that they, with the gendarmerie, will play an important role in deciding the vote in most villages. Even without overt threats, only a brave or foolish man would vote for a candidate opposed by the self-defense groups and the gendarmes, who have it in their power to arrest or exile anyone they suspect of endangering public security and, short of that, can molest any dissident in a host of petty ways. Moreover, the fact that large numbers of men are mobilized into the army, that about 350,000 refugees have not yet returned to their native villages, and that all manner of political suspects have been crowded into prisons and detention camps, means that the election

lists in most localities will present many irregularities, with corresponding opportunities for fraud.

Political propaganda and even the dissemination of news can take place only with difficulty. Military censorship of news is still in force, at least theoretically; and a special electioneering problem has been created by the outbreak on January 28 of a newspaper strike which remains in force at this writing, paralyzing the normal dissemination of news.

Conditions such as these obviously constitute enormous obstacles to a fair and free election. They arise from long-standing problems which cannot possibly be solved in a short time, even with the best will in the world. Economic hardship and resulting discontent have existed and will continue to exist for years to come, nourishing political violence and extremism.

Even more pervasive than economic

problems is the prevailing psychological tension. Memories of past violence and fear of future violence have divided and will continue to divide the nation into hostile extremes. As long as fear and hate remain as intense as they are today it seems certain that peaceable resolution of differences by majority rule and parliamentary procedure will be impossible. Only by outlawing one or other extreme, as has now been done in the case of the Communists, can even a semblance of parliamentary government be made to function.

WILLIAM H. MCNEILL

(Mr. McNeill, Assistant Professor of History at the University of Chicago, spent two years in Greece as assistant military attaché during World War II (1944-46) and revisited the country in 1947 as a member of a survey team for the Twentieth Century Fund. He is the author of *The Greek Dilemma: War and Aftermath*, and collaborated with Elizabeth D. McNeill and Frank Smothers on *Report on the Greeks*, published in 1948 by the Twentieth Century Fund.)

Is Peron Conceding Role for Foreign Capital?

With the submission of the report of the joint Argentine-United States trade committee last January, Argentina's nationalist revolution may have reached another turning-point which all the sensational anti-United States propaganda of the *peronista* press cannot succeed in concealing. The committee, created last year at the instance of Ambassadors Jerónimo Remorino and James Bruce, was intended primarily to find ways of correcting Argentina's trade deficit with the United States. Whether it proves to be the forerunner of sizeable dollar credits for the South American country depends on the outcome of the controversy now raging in the Casa Rosada over the wisdom of moderating the nationalist drive for "economic independence." But President Perón gave commentators little to go on when he declared on February 7 that the period of "economic exploitation" of Argentina by foreigners had ended. The country, it is agreed, could use a medium-term Export-Import Bank loan to clean up its trade arrears in the United States. Whether Argentina could service and repay such a credit, in view of its chronic deficit, however, is one question. And whether Perón even wants international financing is another.

Trials of "Liberation"

Dr. Walter P. Schuck, able editor of the Buenos Aires *Atlantic Financial Service*, reported recently that a cabinet-level in-

ventory of the country's economic position last September revealed depressed conditions in every sector. Agriculture, except for cattle-raising, was stagnant, and the interior was being converted into a vast "rural slum." In industry, which is bountifully protected by import restrictions, both production and sales were on the decline. The export trade, although favorable on balance to Argentina, was falling in both volume and value (in the first nine months of 1949 cereal exports were reported to be 40 per cent below the corresponding period in 1948), and partly because of the drought a further decline is anticipated this year. The boasted 500-million-peso "profit" of IAPI, the state trading agency, for the previous year turned out to be largely a batch of IOU's from other government agencies.

The partial devaluation of the Argentine peso on October 3, which followed British devaluation, created more obstacles to the solution of Argentina's export marketing and currency problems than it removed. While the new multiple exchange rates in some cases brought Argentine export commodity prices into closer alignment with those of the world market and IAPI was able to unload some of its surplus stocks, additional problems were created for the sorely-needed re-equipment of agriculture and industry. The farmers, it was anticipated, would have to pay more for essential imported and even locally-

made products, while the additional protection afforded to Argentine industry might not be worth the additional confusion and red tape.

Politics and Austerity

Some of the difficulties which have brought the Perón regime to its present embarrassing dilemma of whether or not to seek international financing stem from the refusal of Argentine industrialists and workers—the main sources of the General's strength—to accept the "austerity" drive which has been indicated since the first storm-warnings of a change from creditor to debtor status were hoisted in mid-1948. The Argentine regime has been able to harmonize the dissonant demands of workers and producers only by inflationary measures. These in turn have contributed to the depreciation of the currency and the difficulty of locating foreign markets. For a short period last summer the government appeared to be digging in for a recession of serious proportions. Labor was warned that during the anticipated readjustment in prices there would be no wage increases, public expenditures were curtailed, and official credit was restricted.

The protests of industrialists, however, brought about the reopening of inflationary credit valves. Enough impetus remained in the economy drive to bring about the removal of supports, reportedly

totalling one billion pesos, under prices of staple food stuffs, except bread, which hitherto had been financed by IAPI's exchange manipulations. But the resulting rise in the cost of sugar, meat, dairy produce and table oils and fats provoked a wave of strikes in October which took an estimated 250,000 workers away from their workbenches and forced the government's capitulation.

The opposition, for its part, represents a different but nevertheless as serious a problem from the standpoint of the need for economic readjustment. Spokesmen of the agricultural societies and the chamber of commerce sound, in some instances, as though they advocate a return to 1914, while paradoxically members of the Radical party minority in Congress have been critical of the Perón administration for not going far enough with nationalist planning. Any "concession" now to foreign capital will make the regime a target to attacks from every side.

To walk this tightrope while effecting the necessary budgetary, financial and commercial reforms calls for more sangfroid and dexterity than Perón has yet been required to display. The experience of recent months may add up to an attempt to educate the public for a major shift of internal and foreign economic policy, including a complete overhauling of the five-year plan in favor of a modest agricultural program which three years ago would have been considered trifling. Under the Penal Reform bill approved on October 14, "disrespect" toward the President is now severely punishable. Anticipating a swing to the extreme left among Argentine workers, the Casa Rosada has dealt more harshly with the Communists than at any other time during Perón's tenure, and the activities of other political parties were still further curtailed by a September law.

An investigation of publications, news agencies, clubs and similar institutions undertaken by the Joint Congressional Committee on Anti-Argentine Activities (created last July at the insistence of Radical party deputies to investigate alleged police tortures) has resulted to date in closing down some sixty-five publications on a variety of slender pretexts. The ostensible purpose of the *peronista*-con-

trolled committee is to find out whether these agencies had taken money from the opposition in the 1946 electoral campaign, but the fact that not even pro-government dailies escaped "intervention" may indicate intentions to discourage in advance critical press comment on major policy changes from any source.

At the same time, staunchly *peronista* organs like *La Democracia* have been given latitude to recall United States "interference" with the 1946 elections as the fifth anniversary of that event approaches and the United States Assistant Secretary of State for Inter-American Affairs, Edward G. Miller, who by coincidence will be in Buenos Aires at that time on his way around South America, will find the walls plastered with uncomplimentary references to his controversial predecessor, Spruille Braden. Totalitarian controls on opinion, however, make a radical shift—even one so firmly established as that of opposition to foreign capital—possible at a few hours' notice. But it may be that the Perón regime has no intention of shifting ground but is merely seeking to retain power through greater repressive measures.

OLIVE HOLMES

Branches and Affiliates

PROVIDENCE, February 24, *International Implications of Human Rights*, Mrs. Franklin D. Roosevelt

SHREVEPORT, February 24, *The Pattern of Russian Expansion*, John Scott

BETHLEHEM, February 27, *A Political Scientist Looks at World Planning*, William M. Boyd

*HUDSON-MOHAWK, February 27, *Point Four and the Marshall Plan*, Haldore E. Hanson

*PITTSBURGH, February 28, *Is the British Empire a 'Going' Concern?* William Leonard Dale, J. Carroll Amundson

BUFFALO, March 1, *The Point Four Program*, Haldore E. Hanson

*ELMIRA, March 7, *American Foreign Policy Today*, Dexter D. Perkins

*BETHLEHEM, March 9, *Psychological Aspects of Peace*, J. R. Bodo

*BUFFALO, March 11, *Impact of Atomic Energy*, Herbert S. Marks

*Data taken from printed announcement.

News in the Making

DRIVE FOR GERMAN UNITY: Spurred by the intensity of German nationalism, the drive for unification of the East and West sections of Germany is rapidly gaining momentum on various fronts. Rightist groups in the West German state are urging unity for trade reasons; Pastor Martin Niemöller is pressing for it on the ground that otherwise the Catholic population will assume dominance over the Protestants in the West German state (the majority of Protestants are in the Eastern zone); and the expellees, estimated at 11 million, although anti-Russian and anti-Communist, hope through unification to regain their homes and occupations.

POLICY IN ASIA: Clarification of American policy in Asia awaits the return of Ambassador Philip C. Jessup from his conference with United States diplomats in Bangkok February 13-15. The diplomats were reported divided in their views: some believe aid to the French-sponsored Bao Dai regime in Indo-China would prove ineffective and antagonize Asian leaders; others are more optimistic about Bao Dai's prospects. In Paris Ambassador Jessup will also hear the French case for military aid to Indo-China.

TITO AND THE WEST: A renewed declaration of independence by Marshal Tito is causing concern among Western diplomats. In a speech on February 18 the Yugoslav leader said his people would sacrifice part of their five-year plan and "go naked" rather than submit to Western political pressure. His remarks were interpreted as impatience over delay in getting a \$25 million loan from the International Bank for Reconstruction and Development. American Ambassador George V. Allen denied that any political conditions are attached to the proposed credits.

UNREST IN SOUTH AFRICA: Attempts to control the migration of Africans have touched off a number of riots in South Africa in the past six months. The latest incident occurred on February 13 and 14 in the Johannesburg suburbs when police, checking the passes which African workers must carry, attempted to arrest a man, and rioting and arson ensued. A subsequent police raid resulted in 250 arrests.